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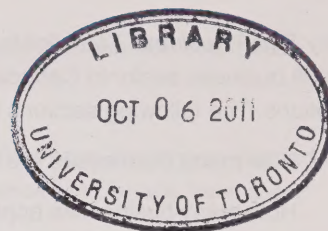
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Foreword

Key Small Business Statistics is a semi-annual publication that provides baseline data on the small business sector in Canada. This seventeenth edition updates data found in previous editions. The following sections have been updated with new data:

- How many businesses are there in Canada?
- How many businesses appear and disappear each year?
- *Bankruptcy statistics*
- How long do small businesses survive?
- What share of firms are high-growth firms?
- How many people work for small businesses?
- How many jobs do small businesses create?
- How much do employees of small businesses earn?
- What is the contribution of small businesses to Canada's gross domestic product?
- How many people are self-employed?
- How has self-employment contributed to job creation?
- Do the self-employed work longer hours than employees?
- How many small business entrepreneurs are women?
- What is the contribution of small businesses to Canada's exports?

This new edition and previous publications are available on the Small Business Research and Statistics website: www.ic.gc.ca/sbresearch.



Highlights

Industry Canada's definition of "small business" is firms that have fewer than 100 employees.

Number of Businesses

- There are just over one million small businesses in Canada that have employees (excludes self-employed entrepreneurs). Ninety-eight percent of businesses in Canada have fewer than 100 employees.
- Between 2002 and 2007, 104 000 new small businesses, on average, were created in Canada each year.
- Taking into account firms that exit the marketplace, the number of firms increased by 15 000 per year, on average, over the 2002–2007 period.

Contribution to Gross Domestic Product (GDP)

- Small businesses contribute slightly more than 30 percent to Canada's GDP.

Employment

- As of 2010, small businesses employed approximately five million individuals in Canada, or 48 percent of the total labour force in the private sector.
- Small businesses created about 15 000 jobs in 2010. Over the 2001 to 2010 period, small firms accounted for 47 percent of all jobs created, on average, in the private sector.
- Approximately 16 percent of all employed workers in the Canadian economy in 2010 were self-employed.

Earnings

- On average, small business employees in Canada earned around \$744 per week in 2010, less than the overall average of \$830.

Sectoral Breakdowns

- Small businesses account for over two thirds of employment in five Canadian industry categories: non-institutional health care, forestry, other services, construction, and accommodation and food.
- Roughly 21 percent of small businesses operate in Canadian goods-producing industries; the remaining 79 percent operate in service industries.

Survival

- Survival rates for small and medium-sized businesses (with less than 250 employees) in Canada decline over time. About 85 percent of businesses that enter the marketplace survive for one full year, 70 percent survive for two years and 51 percent survive for five years.
- The number of business bankruptcies in Canada fell by 56 percent between 2000 and 2010 to about 5200 in 2010.

Growth

- High-growth firms are defined as those with average annualized growth rates greater than 20 percent per year, over a three-year period, and with 10 or more employees at the beginning of the period.
- While 4.7 percent of businesses achieved high growth in terms of employment, they created approximately 45 percent of net new jobs over the 2003–2006 period.
- High-growth firms are present in every economic sector and are not just concentrated in knowledge-based industries. The highest concentration of high-growth firms was in professional, scientific and technical services; construction; and administrative and support, waste management and remediation services.

Women in Business

- In 2007, it was estimated that 46 percent of small and medium-sized enterprises (SMEs) had some degree of female ownership: 16 percent of SMEs were majority-owned by women, 19 percent were owned in equal partnerships between male and female owners, and 11 percent of SMEs had a minority female ownership.

Exports

- About 86 percent of Canadian exporters were small businesses. In 2009, small businesses were responsible for \$68 billion, or about 25 percent of Canada's total value, of exports.
- The largest contributions to exports by small businesses were in retail trade (79.1 percent), agriculture, forestry, fishing and hunting (72.3 percent) and other sectors (72.0 percent).



When is a business “small”?

The size of a business can be defined in many ways, by the value of its annual sales or shipments, for example, or by its annual gross or net revenue, the size of its assets or the number of its employees.

Many institutions define small businesses according to their own needs — the Canadian Bankers Association classifies a company as “small” if it qualifies for a loan authorization of less than \$250 000, whereas the Export Development Corporation defines small or “emerging” exporters as firms with export sales under \$1 million. In some instances, Industry Canada has used a definition based on the number of employees, which varies according to the sector — goods-producing firms are considered “small” if they have fewer than 100 employees, whereas for service-producing firms the cut-off point is 50 employees. Above that size, and up to 499 employees, a firm is considered medium-sized. The smallest of small businesses are called micro-enterprises, most often defined as having fewer than five employees. The term “SME” (for small and medium-sized enterprise) refers to all businesses with fewer than 500 employees, whereas firms with 500 or more employees are classified as “large” businesses.

As will be seen, in practice, reporting on small businesses seldom adheres to any strict definition due to data limitations.

How many businesses are there in Canada?

Statistics Canada's Business Register maintains a count of business locations¹ and publishes results twice a year. Business locations can belong to the same company; each company owns at least one business location. For an individual business location to be included in the Business Register, the company to which it belongs must meet at least one of the following minimum criteria: it must have at least one paid employee (with payroll deductions remitted to the Canada Revenue Agency (CRA)), it must have annual sales revenues of \$30 000, or it must be incorporated and have filed a federal corporate income tax return at least once in the previous three years.

As of December 2010, there were about 2.4 million business locations² in Canada, as shown in Table 1. About half of all business locations are called "employer businesses" because they maintain a payroll of at least one person (possibly the owner). The other half are classified as "indeterminate" because they do not have any employees registered with the CRA. Such businesses may indeed have no workforce (they may simply be paper entities that nonetheless meet one of the criteria for recognition as a business location) or they may have contract workers, family members and/or only the owners working for them. The "indeterminate" category was created because information about their workforce is not available.

1. In previous editions of *Key Small Business Statistics*, the term "establishments" has been used. In 2009, Statistics Canada's Business Register introduced the use of location counts. Therefore, the term "establishments" has been replaced by the term "locations."

A business location is an operating entity, specifically a production entity, that:

- a) conducts economic activity at or from a single physical location or group of locations;
- b) resides within the smallest standardized geographical area; and
- c) is able to provide employment data at a minimum.

2. This number includes both commercial and non-commercial business locations.

Table 1: Total Number of Business Locations, and Number of Locations Relative to Provincial/Territorial Population and Gross Domestic Product, December 2010

Provinces/ Territories	No. of Business Locations						No. of Business Locations per 1000 Population	GDP per Business Location (\$ thousands)
	Total	Indeterminate ¹	Employer Businesses	Small (<100)	Medium (100–499)	Large (500+)		
Newfoundland and Labrador	26 351	8 494	17 857	17 559	255	43	51.8	948
Prince Edward Island	10 505	4 347	6 158	6 059	86	13	73.2	452
Nova Scotia	55 078	23 490	31 588	30 957	554	77	58.4	622
New Brunswick	42 907	16 190	26 717	26 227	432	58	57.0	641
Quebec	496 463	249 028	247 435	242 710	4 128	597	62.5	612
Ontario	901 190	504 232	396 958	387 986	7 878	1 094	67.8	642
Manitoba	78 400	41 288	37 112	36 275	723	114	63.0	650
Saskatchewan	96 548	56 778	39 770	39 156	547	67	91.8	586
Alberta	344 135	188 815	155 320	152 499	2 481	340	91.9	718
British Columbia	370 262	194 349	175 913	173 170	2 445	298	81.3	516
Yukon Territory	2 985	1 294	1 691	1 656	33	2	87.0	679
Northwest Territories	2 606	981	1 625	1 577	45	3	59.8	1 583
Nunavut	840	223	617	592	23	2	25.2	1 793
Canada Total	2 428 270	1 289 509	1 138 761	1 116 423	19 630	2 708	70.8	629

Source: Statistics Canada, Business Register, December 2010; National Income and Expenditure Accounts 2009; Estimates of Population by Age and Gender for Canada, the Provinces and the Territories, January 2011.

Note 1: The "indeterminate" category consists of incorporated or unincorporated businesses that do not have a Canada Revenue Agency payroll deductions account. The workforce of such businesses may consist of contract workers, family members and/or owners.

Approximately 58 percent of all business locations in Canada are located in Ontario and Quebec. Virtually all the rest are divided between the western provinces (37 percent) and the Atlantic provinces (6 percent). The Northwest Territories, Yukon and Nunavut represent only 0.3 percent of Canada's businesses.

Relative to population, the western provinces, Yukon and Prince Edward Island have more business locations than elsewhere, with the highest ratios in Alberta and Saskatchewan at 91.9 and 91.8 per 1000 population respectively. Nunavut, Newfoundland and Labrador, New Brunswick and Nova Scotia have the lowest ratios of business locations per 1000 population. Ontario and Quebec are below the national average of 70.8, with 67.8 and 62.5 business locations per 1000 population respectively.

In terms of gross domestic product (GDP) per business location by province, Nunavut shows the highest ratio at \$1 793 000 per location. (This is likely due, in part, to the low number of business locations per 1000 residents; therefore, its GDP is spread over fewer business locations.)

More broadly, there is a noticeable negative relationship between the number of business locations per 1000 inhabitants and contribution to GDP per business location in that a higher number of business locations per 1000 population corresponds to a lower GDP per business location. Alberta is an exception to this rule, with a relatively high GDP per business location as well as a high number of business locations per 1000 residents.

Of the 1 138 761 employer businesses, 2708 (about 0.2 percent) have 500 employees or more, 1 116 423 employer businesses (98 percent) have fewer than 100 employees, 75 percent have fewer than 10 employees and 55 percent have only 1 to 4 employees (see Table 2).

Table 2: Number of Business Locations by Sector and Firm Size (Number of Employees), December 2010

Number of Employees	Cumulative Percent of Employer Businesses	No. of Business Locations		
		Total	Goods-Producing Sector ²	Service-Producing Sector ²
Indeterminate ¹		1 289 509	311 675	977 834
<i>Employer Business Total</i>	100.0	1 138 761	242 682	896 079
1-4	54.6	621 968	137 303	484 665
5-9	75.0	232 189	47 416	184 773
10-19	87.4	140 554	27 322	113 232
20-49	95.5	92 292	18 451	73 841
50-99	98.0	29 420	6 680	22 740
100-199	99.2	13 147	3 335	9 812
200-499	99.8	6 483	1 664	4 819
500+	100.0	2 708	511	2 197
Grand Total		2 428 270	554 357	1 873 913

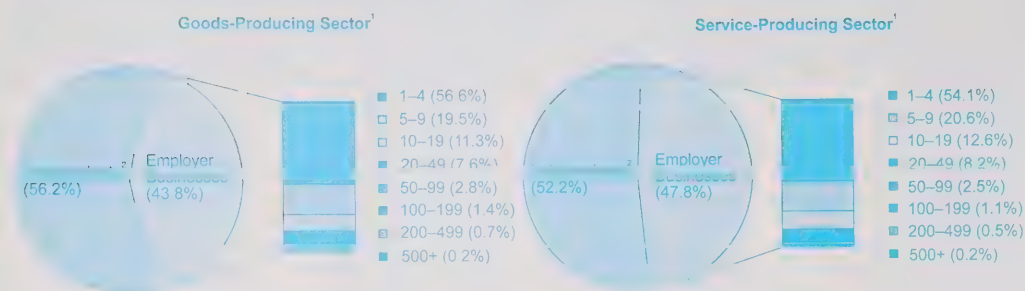
Source: Statistics Canada, Business Register, December 2010.

Note 1: The "indeterminate" category consists of incorporated or unincorporated businesses that do not have a Canada Revenue Agency payroll deductions account. The workforce of such businesses may consist of contract workers, family members and/or owners.

Note 2: By conventional Statistics Canada definition, the goods-producing sector consists of North American Industry Classification System (NAICS) codes 11 to 31-33, while NAICS codes 41 to 91 define the service-producing sector.

About one quarter of all business locations (indeterminate and employer businesses alike) produce goods, whereas the remainder provide services. Small firms (those with fewer than 100 employees) make up 98 percent of goods-producing employer businesses and 98 percent of all service-producing employer businesses (Table 2 and Figure 1). Using an alternative definition of small businesses in the service-producing sector that defines small businesses as those with fewer than 50 employees, small firms account for 96 percent of all service-producing employer firms.

Figure 1: Distribution of Business Locations in the Goods-Producing and Service-Producing Sectors by Firm Size (Number of Employees), December 2010



Source: Statistics Canada, Business Register, December 2010

Note 1: By conventional Statistics Canada definition, the goods-producing sector consists of North American Industry Classification System (NAICS) codes 11 to 31-33, while NAICS codes 41 to 91 define the service-producing sector.

Note 2: The "indeterminate" category consists of incorporated or unincorporated businesses that do not have a Canada Revenue Agency payroll deductions account. The workforce of such businesses may consist of contract workers, family members and/or owners.

Table 3 shows the distribution of employer businesses by size of business location in each province and territory. Generally speaking, the distribution by size in the provinces is similar to the national average distribution by size. However, there is some variation among the provinces and territories; for example, there is a higher percentage of micro-enterprises (1 to 4 employees) in Alberta (59 percent) and British Columbia (57 percent) than in Ontario (55 percent), Quebec (51 percent) or the territories (from 24 percent to 50 percent).

Table 3: Employer Businesses by Firm Size (Number of Employees) in the Provinces and Territories, December 2010

Provinces/ Territories	Employer Businesses										
	Total	Percent of Total									
		1-4	5-9	10-19	20-49	50-99	Small (<100)	100-199	200-499	Medium (100-499)	Large (500+)
Newfoundland and Labrador	17 857	54.3	22.7	12.1	7.3	1.9	98.3	0.9	0.5	1.4	0.2
Prince Edward Island	6 158	50.2	24.0	13.5	8.2	2.5	98.4	1.0	0.4	1.4	0.2
Nova Scotia	31 588	54.3	21.2	12.0	8.1	2.4	98.0	1.2	0.5	1.8	0.2
New Brunswick	26 717	54.1	21.2	12.6	7.9	2.4	98.2	1.1	0.5	1.6	0.2
Quebec	247 435	50.8	22.5	13.2	8.9	2.8	98.1	1.1	0.5	1.7	0.2
Ontario	396 958	55.3	19.5	12.0	8.2	2.7	97.7	1.3	0.7	2.0	0.3
Manitoba	37 112	49.9	21.7	13.8	9.3	3.0	97.7	1.3	0.7	1.9	0.3
Saskatchewan	39 770	54.8	21.0	12.7	7.8	2.2	98.5	0.9	0.5	1.4	0.2
Alberta	155 320	58.8	18.2	11.5	7.3	2.4	98.2	1.1	0.5	1.6	0.2
British Columbia	175 913	56.5	20.2	12.1	7.5	2.3	98.4	1.0	0.4	1.4	0.2
Yukon Territory	1 691	50.1	23.8	13.3	8.5	2.1	97.9	1.2	0.7	2.0	0.1
Northwest Territories	1 625	34.0	23.7	20.2	14.5	4.6	97.0	1.9	0.9	2.8	0.2
Nunavut	617	24.0	22.5	21.9	19.1	8.4	95.9	3.2	0.5	3.7	0.3
Canada Total	1 138 761	54.6	20.4	12.3	8.1	2.6	98.0	1.2	0.6	1.7	0.2

Source: Statistics Canada, Business Register, December 2010.

Table 4 presents the distribution of employer businesses by size of business location in each industry. The greatest variation across industries is found among micro-enterprises. The highest percentage of micro-industries is in professional, scientific and technical services (74.8 percent) and in agriculture, forestry, fishing and hunting (71.4 percent). The lowest percentages of micro-enterprises are found in public administration (22.1 percent), accommodation and food services (27.9 percent), and utilities (34.1 percent).

Table 4: Employer Businesses by Firm Size (Number of Employees) in Industries, December 2010

Industry (Manufacturing and commerce excluded)	Employer Businesses											
	Total	Percent of Total										
		1-4	5-9	10-19	20-49	50-99	100-199	200-499	500-999	1,000-4,999	5,000-9,999	10,000+
Retail Trade	142,794	38.3	29.0	17.9	8.0	3.1	2.3	1.4	0.5	2.0	0.0	0.0
Other Services (except Food and Accommodation)	30,000	50.0	24.0	10.0	5.4	2.7	1.6	0.3	0.1	0.4	0.0	0.0
Construction	194,607	30.3	27.0	20.0	8.4	3.5	2.1	0.6	0.2	0.8	0.1	0.1
Professional, Scientific and Technical Services	29,076	14.8	12.1	3.1	4.1	2.1	1.1	0.6	0.2	0.8	0.1	0.1
Health Care and Social Assistance	40,000	24.3	27.1	19.0	8.8	3.4	1.7	0.5	1.4	0.8	2.1	0.4
Accommodation and Food Services	12,511	27.0	24.3	10.0	18.4	2.7	1.4	1.2	0.3	1.5	0.1	0.1
Manufacturing	34,102	44.9	34.1	18.4	10.4	3.9	2.4	1.1	0.4	1.6	0.1	0.1
Wholesale Trade	14,190	34.1	30.1	16.5	14.4	6.3	3.3	3.9	2.1	6.1	0.6	0.6
Management and Administrative Services	13,075	11.1	3.3	4.8	7.4	2.3	3.1	2.1	1.5	0.9	2.4	0.4
Construction and Equipment	11,001	26.0	24.2	14.2	8.7	3.4	1.5	1.0	0.7	1.7	0.2	0.2
Architecture, Planning, Engineering and Mining	10,101	11.5	10.0	1.5	3.8	1.1	1.0	0.4	0.1	0.5	0.0	0.0
Real Estate and Rental and Leasing	11,101	18.1	1.1	1.2	1.0	1.1	1.3	0.5	0.2	0.7	0.1	0.1
Finance and Insurance	10,001	18.0	10.0	11.2	17.4	2.3	1.7	1.0	0.7	1.6	0.4	0.4
Arts, Entertainment and Recreation	1,301	10.1	10.0	11.1	10.1	1.1	1.0	2.1	0.8	2.9	0.3	0.3
Manufacturing and Commerce and Enterprises	14,101	28.3	4.1	4.0	3.5	1.4	1.5	2.1	1.5	3.7	1.1	1.1
Information and Culture Industries	10,001	10.1	10.0	11.1	10.1	1.1	1.1	2.1	1.1	3.2	0.6	0.6
Education Services	14,101	10.1	10.0	11.1	11.1	1.1	1.1	1.9	1.8	3.7	3.5	3.5
Water, Quantity, Heat and Gas Emission	10,001	10.1	10.0	11.1	11.1	1.1	1.1	1.9	1.2	3.1	0.5	0.5
Public Administration	10,001	10.1	10.0	11.1	11.1	1.1	1.1	1.9	1.2	3.1	0.5	0.5
Utilities	10,001	10.1	10.0	11.1	11.1	1.1	1.1	1.9	1.2	3.1	0.5	0.5
Total	1,100,000	34.0	30.4	22.0	14.1	2.6	1.6	0.6	1.7	0.2	0.2	0.2

Source: Statistics Canada, Business Register, December 2010.

How many businesses appear and disappear each year?

Thousands of businesses enter and exit the marketplace throughout the year. Keeping track of these births and deaths is no easy matter. Statistics Canada made available data on SMEs in Canada through the Small and Medium-Sized Enterprises Data Warehouse (SMEs Data Warehouse).

Figure 2 shows the number of small businesses (those with fewer than 100 employees) that entered and exited the marketplace annually between 2002 and 2007. Over this period, 104 000 new small businesses, on average, were created in Canada each year. There was no clear pattern of business entries over the period. In 2002, there were approximately 90 000 entries, gradually increasing to a peak of over 115 000 in 2005. This figure fell to 97 000 in 2006 before recovering to 110 000 in 2007. The number of exits remained at approximately 86 000 from 2002 to 2004. In the following two years, the number of exits totalled 190 000 and declined to 86 000 in 2007. On a net basis, the average number of entries over the 2002–2007 period was 15 000. Only in 2006 were there more exits than entries, although not by a significant amount.

Figure 2: Entries and Exits of Small Businesses with up to 100 Employees, 2002 to 2007



Source: Statistics Canada. Small and Medium-Sized Enterprises Data Warehouse, 2010.

Bankruptcy statistics

Only a small proportion of firms that exit the marketplace end up filing for bankruptcy. On average over the last 20 years, there have been approximately 11 000 business bankruptcies per year in Canada. In the 1990s, they gradually increased from about 12 000 to a peak of more than 14 000 in 1997. Since then, business bankruptcies have been on the decline, to about 5200 in 2010.

More detailed statistics on business bankruptcies and the liabilities involved are regularly reported in Industry Canada's *Small Business Quarterly* (www.ic.gc.ca/SMEquarterly) and are also available on the website of the Office of the Superintendent of Bankruptcy at www.osb.ic.gc.ca.

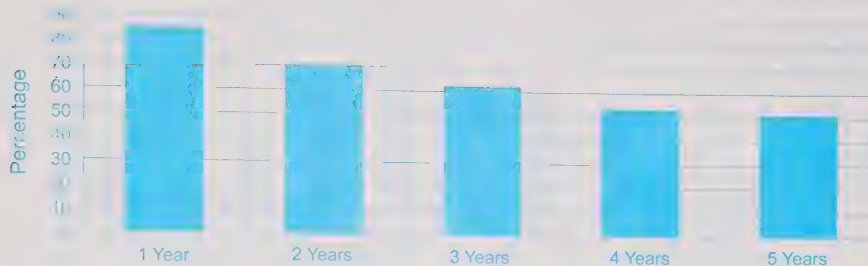
How long do small businesses survive?

One way to answer the question of how long small businesses are likely to survive is to determine the probability of survival based on predictable factors. Geographic location, type of industry, size and age are some useful factors in predicting how long a business stays active. Other, unforeseen, factors can also affect the survival of a business, including general economic conditions, as well as market influences such as the number and size of competitors and new entrants.

Survival is defined as the percentage of new firms that continue to operate when they reach a given age. The survival of businesses reflects their productivity, innovation and resourcefulness, as well as their adaptability to changing market conditions.

Figure 3 shows survival rates for Canadian small and medium-sized businesses with less than 250 employees. The rates represent the percentage of firms that survived until 2006 and were created one to five years prior to that. About 85 percent of businesses that entered the marketplace in 2005 survived for one full year. Survival rates declined over time. About 70 percent of firms survived for two years, 62 percent survived for three years and 51 percent of firms survived for five years. The fact that half of the businesses survive their first five years of operation suggests that these businesses are able to attain competitive advantage in their markets.

Figure 3: Survival Rates of Canadian Employer Businesses (with less than 250 employees), 2001–2006



Source: Statistics Canada, Small and Medium-Sized Enterprises Data Warehouse, 2008.

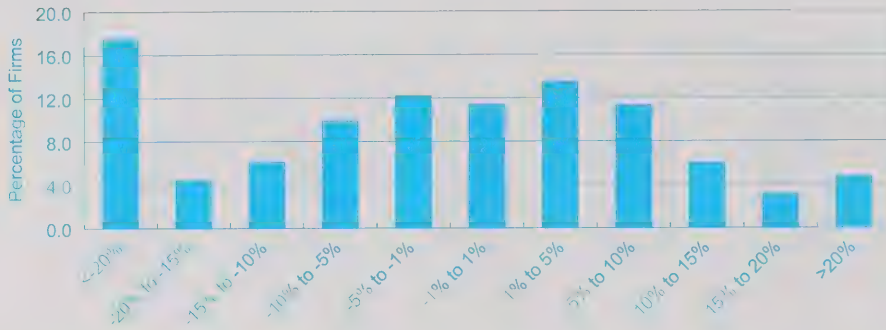
What share of firms are high-growth firms?

The Canadian economy is dynamic, involving a great deal of churning, i.e., entry and exit of firms. Within this ever-changing environment, start-ups and new firms are very important for creating jobs and wealth. Those firms that achieve high growth in a short period of time tend to make very large contributions in terms of employment and wealth creation. This is one of the reasons for the rising interest in growth firms over the past years among policy-makers and academics.

According to the definition of the Organisation for Economic Co-operation and Development (OECD), high-growth firms are those with average annualized growth rates greater than 20 percent per year, over a three-year period, and with 10 or more employees at the beginning of the period. Their growth can be recorded in terms of revenue or employment (number of employees).

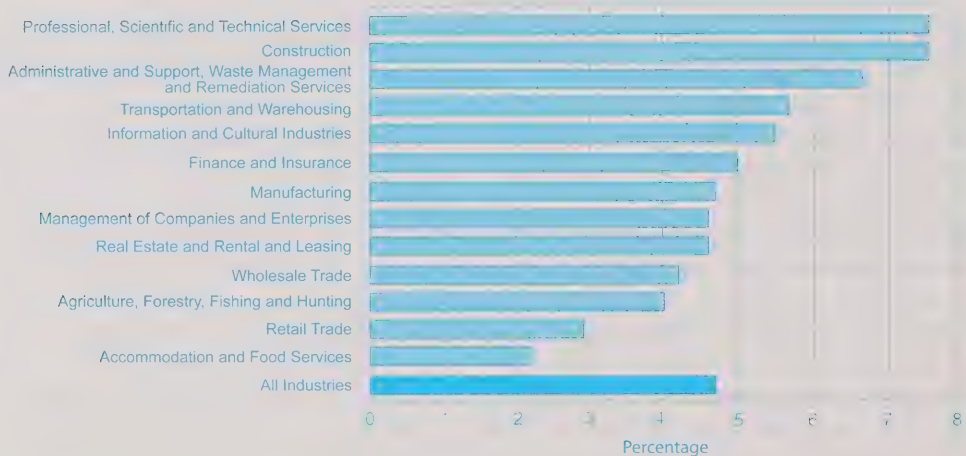
Figure 4 illustrates the distribution of all firms based on average annual employment growth between 2003 and 2006. While 4.7 percent of businesses are high-growth firms (defined in terms of employment), they created approximately 45 percent of net new jobs. They are more prevalent in terms of revenue than in terms of employment, with 12 percent of firms achieving high growth in revenues. High-growth firms are present in every economic sector and are not just concentrated in knowledge-based industries. As shown in Figure 5, the highest concentration of high-growth firms for the 2003–2006 period was in professional, scientific and technical services; construction; and administrative and support, waste management and remediation services.

Figure 4: Distribution of all Firms Based on Average Annual Employment Growth, 2003–2006



Source: Statistics Canada, Small and Medium-Sized Enterprises Data Warehouse, 2009; Industry Canada calculations.

Figure 5: Distribution of High-Growth Firms (Employment Growth) by Industry, 2003–2006



Source: Statistics Canada, Small and Medium-Sized Enterprises Data Warehouse, 2009; Industry Canada calculations.

High-growth firms are more likely than other firms to be research and development (R&D) intensive.³ Over the period 2001–2004, 8 percent of high-growth firms were R&D intensive compared with 4.3 percent of traditional firms. Furthermore, employment for the average high-growth firm grew 87.8 percent compared with 0.1 percent growth for the average non-high-growth firm over the same period.⁴

3. R&D intensive firms are defined as businesses that spend more than 20 percent of their investment budget on research and development.

4. Statistics Canada, *Survey on Financing of Small and Medium Enterprises*, 2004; Industry Canada calculations.



Figure 6 shows the share of high-growth firms in Canada and ten other countries. Canada ranks fifth, behind the first-ranked United Kingdom (6.4 percent) and third-ranked United States. However, Canada ranks higher than six other countries whose share of high-growth firms ranges from 3.2 to 4.4 percent.

Figure 6: Share of High-Growth Firms (Employment Growth), International Comparisons, 2002–2005



Source: Biosca, A.B., *Growth Dynamics: Exploring Business Growth and Contraction in Europe and the U.S.* National Endowment for Science, Technology and the Arts (NESTA) 2010.

For more information on high-growth firms, please refer to *Key Small Business Statistics, Special Edition: Growth Map of Canadian Firms* (January 2010).

How many people work for small businesses?

To best answer this question, it is necessary to look at business establishments as part of the larger enterprise to which they belong, where applicable. Statistics Canada defines a business enterprise as “a family of businesses under common ownership and control for which a set of consolidated financial statements is produced on an annual basis.” Statistics Canada’s *Survey of Employment, Payrolls and Hours* (SEPH) covers employer businesses in Canada and reports the number of employees at the enterprise level. Self-employed persons who are not on a payroll are not included in these figures, nor are employees in the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. Firms are grouped into seven size categories: those with fewer than 5 employees, from 5 to 19, from 20 to 49, from 50 to 99, from 100 to 299, from 300 to 499, and 500 and more employees.

According to SEPH data, on average in 2010, just over 5.1 million employees on payroll, or 48 percent of the total private sector labour force,⁵ worked for small enterprises (those with fewer than 100 employees) as shown in Table 5. More than 1.6 million, or 16 percent, worked for medium-sized enterprises (those with 100 to 499 employees). In total, therefore, SMEs employed almost 6.8 million, or 64 percent, of private sector employees covered by SEPH.

The distribution of employment by size of firm varies considerably across industries. As shown in Table 5 and Figure 7, small businesses account for over two thirds of employment in five industries: the (non-institutional) health care sector (89 percent), forestry (77 percent), other services (75 percent), the construction industry (74 percent), and accommodation and food (66 percent). In three other industries, at least half of the workforce is employed by small businesses. Lastly, in terms of the total number of employees, industries that had the largest number of employees working for small firms were, in order of magnitude, retail trade (0.80 million), accommodation and food (0.71 million), construction (0.61 million), manufacturing (0.53 million), professional services (0.45 million) and wholesale trade (0.38 million). These industries alone accounted for 68 percent of all jobs in small firms in Canada.

5. A technical note on the methodology used to determine the private sector has been revised in 2011 and can be obtained by contacting **Customer Services** at sbrs-rspe@ic.gc.ca. In addition to the industries excluded from SEPH (see Note 1, Table 5), data shown in Table 5 and Figure 7 exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores.

Table 5: Number of Private Sector Employees by Industry and Size of Business Enterprise, 2010^{1, 2, 3}

Industry (NAICS by number of employees in small businesses)	Number of Employees									Total
	1-9	10-19	20-49	50-99	Small (<100)	100-299	300-499	Medium (100-499)	Large (500+)	
Retail Trade			220 918	188 821	798 868	102	2 111	1 012	1 012	1 842 677
Accommodation and Food Services			249 778	168 212	705 614	1 012	2 111	1 012	1 012	1 062 471
Health Care and Social Assistance					607 746	1 012	2 111	1 012	1 012	812 096
Manufacturing			179 962	159 581	532 972	256 329	113 574	369 903	562 273	1 445 147
Professional Services	140 053	153 421	95 553	61 289	451 326	82 172	35 109	117 281	188 362	756 969
Arts, Culture, Recreation and Sports					384 745	1 012	2 111	1 012	1 012	719 155
Other Services	101 057	165 534	71 035	41 301		24 273	19 711	25 000	51 541	506 923
Administration, Support and Waste Management and Remediation Services			71 035	60 963	286 912	94 813	46 276	141 089	303 466	711 467
Transportation and Warehousing ²						1 012	1 012	1 012	21 297	21 297
Warehousing ²	45 082		46 565	31 580	185 665	47 044	20 395	67 440	288 621	541 726
Real Estate and Rental	42 979		31 993	21 556	152 804	26 051	10 674	36 725	53 043	242 571
Finance and Insurance						20 110	2 300	2 300	20 110	612 095
Information and Cultural				20 971	114 451	32 357	9 799	42 156	88 404	245 010
Information and Cultural	10 896	21 980	19 524	17 520	69 920	30 266	11 625	41 891	213 196	325 006
Companies and Enterprises	11 439	14 632	12 184	7 992	46 307	10 172	7 028	17 201	43 081	106 589
*Mining	9 134	14 019	12 054	10 297	45 503	20 013	11 967	31 980	108 977	186 460
*Forestry	7 359				30 325	7 441	525	4 700	1 000	39 561
*Utilities ²		641	641	638	2 030	2 190	1 755	3 945	100 905	106 880
Percent in Service-Producing Sector						88.1	88.1	88.1	88.1	88.1
Percent in Goods-Producing Sector						0.6	1.7	0.1	1.2	24.6
Industry Aggregate Total	931 903	1 825 117	1 745 591	1 005 450	5 137 147	1 207 022	447 416	1 654 438	3 842 514	10 634 097
Percentage of Total Employment						11.2	4.1	15.5	36.1	100.0

Source: Statistics Canada, *Survey of Employment, Payrolls and Hours (SEPH)*, April 2011, and calculations by Industry Canada. Industry data are classified in accordance with the North American Industry Classification System (NAICS).

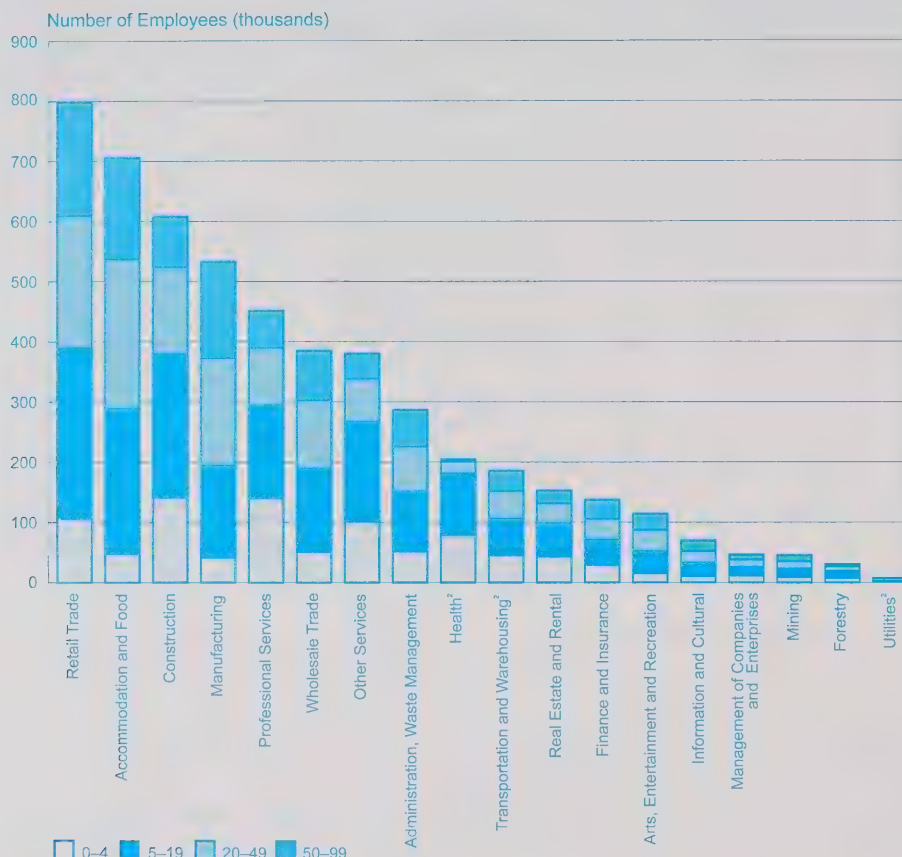
* Industries in the goods-producing sector account for 24.6 percent of total employment in the private sector and 23.7 percent of employment in small businesses.

Note 1: SEPH data exclude self-employed workers who are not on a payroll, and employees in the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. The data breaking down employment by size of firm also exclude unclassified industries.

Note 2: Besides data excluded from the SEPH, data shown in this table also exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores. Industry Canada's *Small Business Quarterly* regularly publishes data similar to those in Table 5, but without excluding public sector employment. A technical note on the separation of public and private sector employment is available upon request by contacting **Customer Services** at sbrs-rspe@ic.gc.ca.

Note 3: By conventional Statistics Canada definition, the goods-producing sector consists of North American Industry Classification System (NAICS) codes 11 to 31-33 while NAICS codes 41 to 91 define the service-producing sector.

Figure 7: Number of Private Sector Employees by Industry and Size of Business Enterprise, 2010^{1, 2}



Source: Statistics Canada, *Survey of Employment, Payrolls and Hours* (SEPH), April 2011, and calculations by Industry Canada. Industry data are classified in accordance with the North American Industry Classification System (NAICS).

Note 1: SEPH data exclude self-employed workers who are not on a payroll, and employees in the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. The data breaking down employment by size of firm also exclude unclassified industries.

Note 2: Besides data excluded from the SEPH, data shown in this figure also exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores. Industry Canada's *Small Business Quarterly* regularly publishes data similar to those in Figure 7, but without excluding public sector employment. A technical note on the separation of public and private sector employment is available upon request by contacting **Customer Services** at sbrs-rspe@ic.gc.ca.



How many jobs do small businesses create?

The data that make it possible to answer this question are derived from Statistics Canada's *Survey of Employment, Payrolls and Hours (SEPH)*, and are regularly published in Industry Canada's *Small Business Quarterly*. SEPH data exclude self-employed workers who are not on a payroll. Other limitations also apply (see **How many people work for small businesses?**).

Table 6 displays relative contributions to the net change in private sector paid employment by small, medium-sized and large businesses from 2001 to 2010. Over the years, the relative contribution in terms of size varied greatly. During the period under review, each of the business-size categories played the leading role at different times in net job creation in Canada. For three years, from 2001 to 2002 and in 2010, small businesses made the greatest contribution to net job creation. On the other hand, large businesses played the leading job-creation role from 2003 to 2008. Over the 2001 to 2010 period, small firms accounted for 47 percent of all jobs created, on average, in the private sector.

Table 6: Net Change in Private Sector Paid Employment by Size of Business Enterprise (Annual Averages), 2001–2010^{1,2}

Year	Size of Business — Number of Employees							
	0–4	5–19	20–49	50–99	Small (1–100)	Medium (100–499)	SMEs (1–250)	Large (500+)
2001	43 434	30 579	26 994	32 449	133 455	7 979	126 476	62 806
2002	-7 274	30 622	46 924	64 780	139 052	3 181	136 233	52 214
2003	12 314	259	24 905	23 970	61 953	28 725	90 678	125 363
2004	-12 430	27 944	4 093	7 159	26 765	11 115	37 884	66 989
2005	18 270	-6 774	10 330	17 541	39 367	36 068	75 435	81 977
2006	21 159	22 386	36 523	28 838	108 907	59 475	168 331	121 571
2007	-1 698	38 747	35 846	22 780	95 675	46 801	142 476	106 866
2008	10 080	21 375	21 852	20 849	74 156	13 952	88 107	76 139
2009	-15 970	-43 447	-38 631	-53 654	-151 703	-105 045	-256 748	-151 963
2010	1 978	6 599	3 115	6 980	14 715	619	15 334	-14 197
Total Job Creation (2001–2010)	66 406	128 290	171 951	171 697	538 344	86 864	625 208	527 787
Percentage of Job Creation	5.8	11.1	14.9	14.9	46.7	7.5	54.2	45.8

Source: Statistics Canada, *Survey of Employment, Payrolls and Hours* (SEPH), April 2011, and calculations by Industry Canada.

Historical data are frequently revised and, as of 2000, are available on a North American Industry Classification System (NAICS) basis. Updates for the total economy covered by SEPH are regularly published in Industry Canada's *Small Business Quarterly*.

Note 1: SEPH data exclude self-employed workers who are not on a payroll, and employees in the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. Data in this table also exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores.

Note 2: Differences between these data and those published in previous versions of *Key Small Business Statistics* are largely due to revisions to the historical SEPH data. A small proportion of the differences is the result of refinements in the methodology used to separate the private and public sectors. A technical note on the separation of public and private sector employment is available upon request by contacting **Customer Services** at sbrs-rspe@ic.gc.ca.

Table 7 shows year-over-year quarterly changes in paid employment from the third quarter of 2007 to the fourth quarter of 2010 by business size. Jobs were created in the private sector from the third quarter of 2007 to the fourth quarter of 2008 and were lost in every quarter of 2009 and in the first two quarters of 2010. In the second half of 2007, the rate of job creation averaged about 275 000 jobs per quarter. The number of jobs created started declining significantly in 2008 and became negative in 2009. In 2009, the number of jobs lost increased rapidly from 235 000 jobs lost in the first quarter to 527 000 jobs lost in the third quarter. The decrease in GDP growth was a factor in causing job losses throughout 2009 among businesses of all sizes. The rate of job creation started to recover in the fourth quarter of 2009 and reached positive levels in the third quarter of 2010.

Small businesses lost jobs in each year-over-year period between the first quarter of 2009 and the first quarter of 2010. Small businesses regained jobs in the second quarter of 2010 while medium-sized and large businesses regained jobs in the third quarter of 2010.

Job creation among micro-businesses was the most volatile of the seven firm-size categories. Micro-businesses shed jobs from the fourth quarter of 2008 to the second quarter of 2009, in the fourth quarter of 2009 and in the third quarter in 2010. This is the only firm-size category in 2009 that was a source of job creation, when micro-businesses created about 16 000 jobs in the third quarter of 2009.

Table 7: Year-Over-Year Net Private Sector Paid Employment Change and Percent Contribution by Size of Business Enterprise, Quarterly, 2007 Q3 to 2010 Q4^{1, 2, 3}

Year and Quarter	Total Net Change	Net Private Sector Paid Employment Change by Size of Business								
		0-4	5-19	20-49	50-99	Small (<100)	100-299	300-499	Medium (500-999)	Large (1000+)
2007 Q3	284 148	9 869	50 052	38 288	27 599	125 808	34 981	12 556	47 537	110 799
Q4	266 238	403	53 992	35 061	25 295	114 752	27 982	10 728	38 710	112 771
2008 Q1	228 641	15 876	38 506	28 692	28 028	111 103	11 646	6 099	17 745	99 795
Q2	217 399	20 594	31 010	31 509	26 193	109 307	2 972	20 880	23 852	84 246
Q3	162 193	5 753	4 772	22 482	26 326	59 332	-3 212	20 993	17 781	85 072
Q4	48 755	1 890	11 202	4 734	2 855	16 900	-11 883	8 326	-3 557	35 409
2009 Q1	235 076	-17 752	-32 123	-17 016	-33 154	-100 045	-56 857	-4 516	-61 373	-73 654
Q2	-446 421	-49 058	-34 698	-46 780	-60 785	-191 322	-66 064	-43 817	-109 881	-145 221
Q3	-527 341	15 659	-74 641	-59 341	-71 973	-190 296	-75 541	-55 131	-130 672	-206 366
Q4	-426 015	-12 751	-32 324	-31 404	-48 703	-125 182	-72 042	-46 215	-118 257	182 578
2010 Q1	-194 338	3 623	-3 441	-16 064	-17 697	-33 579	-25 677	-32 730	-58 407	-102 359
Q2	-15 397	15 161	4 206	6 736	2 644	28 746	-957	-8 412	-9 369	-34 774
Q3	90 275	-33 515	33 053	18 067	25 595	43 200	19 597	7 634	27 231	19 847
Q4	124 008	6 854	-7 447	3 720	17 368	20 495	34 701	8 306	43 006	60 509
% Contribution to Private Sector Employment Change by Size of Business										
2007 Q3	100	3.5	17.6	13.5	9.7	44.3	12.3	4.4	16.7	39.0
Q4	100	0.2	20.3	13.2	9.5	43.1	10.5	4.0	14.5	42.4
2008 Q1	100	6.9	16.8	12.5	12.3	48.6	5.1	2.7	7.8	43.6
Q2	100	9.5	14.3	14.5	12.0	50.3	1.4	9.6	11.0	38.8
Q3	100	3.5	2.9	13.9	16.2	36.6	-2.0	12.9	11.0	52.5
Q4	100	-3.9	23.0	9.7	5.9	34.7	-24.4	17.1	-7.3	72.6
2009 Q1	100	7.6	13.7	7.2	14.1	42.6	24.2	1.9	26.1	31.3
Q2	100	11.0	7.8	10.5	13.6	42.9	14.8	9.8	24.6	32.5
Q3	100	-3.0	14.2	11.3	13.6	36.1	14.3	10.5	24.8	39.1
Q4	100	3.0	7.6	7.4	11.4	29.4	16.9	10.8	27.8	42.9
2010 Q1	100	-1.9	1.8	8.3	9.1	17.3	13.2	16.8	30.1	52.7
Q2	100	-98.5	-27.3	-43.7	-17.2	-186.7	6.2	54.6	60.9	225.8
Q3	100	-37.1	36.6	20.0	28.4	47.9	21.7	8.5	30.2	22.0
Q4	100	5.5	-6.0	3.0	14.0	16.5	28.0	6.7	34.7	48.8

Source: Statistics Canada, *Survey of Employment, Payrolls and Hours (SEPH)*, April 2011, and calculations by Industry Canada.

Note 1: SEPH data exclude self-employed workers who are not on a payroll, and employees in the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. Data in this table also exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores.

Note 2: Differences between these data and those published in previous versions of *Key Small Business Statistics* are largely due to revisions to the historical SEPH data. A small proportion of the differences is the result of refinements in the methodology used to separate the private and public sectors. A technical note on the separation of public and private sector employment is available upon request by contacting **Customer Services** at sbrs-rspe@ic.gc.ca.

Note 3: Minor discrepancies between total net employment change and the sum of changes by size are largely due to small differences between aggregate and the sum of disaggregated source data.

How much do employees of small businesses earn?

Statistics Canada's *Survey of Employment, Payrolls and Hours* (SEPH) publishes average weekly earnings at the enterprise level based on weekly payroll data. Data include gross pay, as well as overtime and bonuses, commissions and other special payments, before major deductions such as income taxes, employment insurance contributions, etc., but exclude taxable allowances and benefits, and employer contributions to employment insurance, pension plans and other welfare plans. Average weekly earnings are derived by dividing total weekly payrolls by payroll employment (see **How many people work for small businesses?**). SEPH excludes self-employed persons not on a payroll and does not cover the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. The data shown below also exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores.

In 2010, an average worker in Canada's private sector earned approximately \$830 per week (or about \$43 160 per year) (Table 8 and Figure 8). Generally, employees' weekly earnings were positively related to the size of the business — employees working for businesses with fewer than 100 employees earned below the average with weekly earnings of \$744 (\$38 688 in annual earnings), whereas those working for medium-sized firms (more than 100 but fewer than 500 employees) and large firms (500 employees or more) earned above the average with weekly earnings of \$841 and \$916 respectively (\$43 732 and \$47 832 in annual earnings). In the service-producing sector, micro-firms had the highest weekly earnings of all small businesses at \$760 (or \$39 520 per year). This may be because employment in larger small firms is concentrated in the three lowest-paying industries, namely retail trade; accommodation and food services; and arts, entertainment and recreation.

On average in 2010, employees in the goods-producing sector were paid \$319 more per week than those working in the service-producing sector. The difference in earnings between the two sectors was greatest in large firms at approximately \$485 per week or an annual average differential of \$25 220. However, goods-producing employees also worked longer hours, so the difference in earnings per hour would be less pronounced.

Table 8: Average Weekly Earnings by Firm Size (Number of Employees) in the Private Sector, 2010^{1,2}

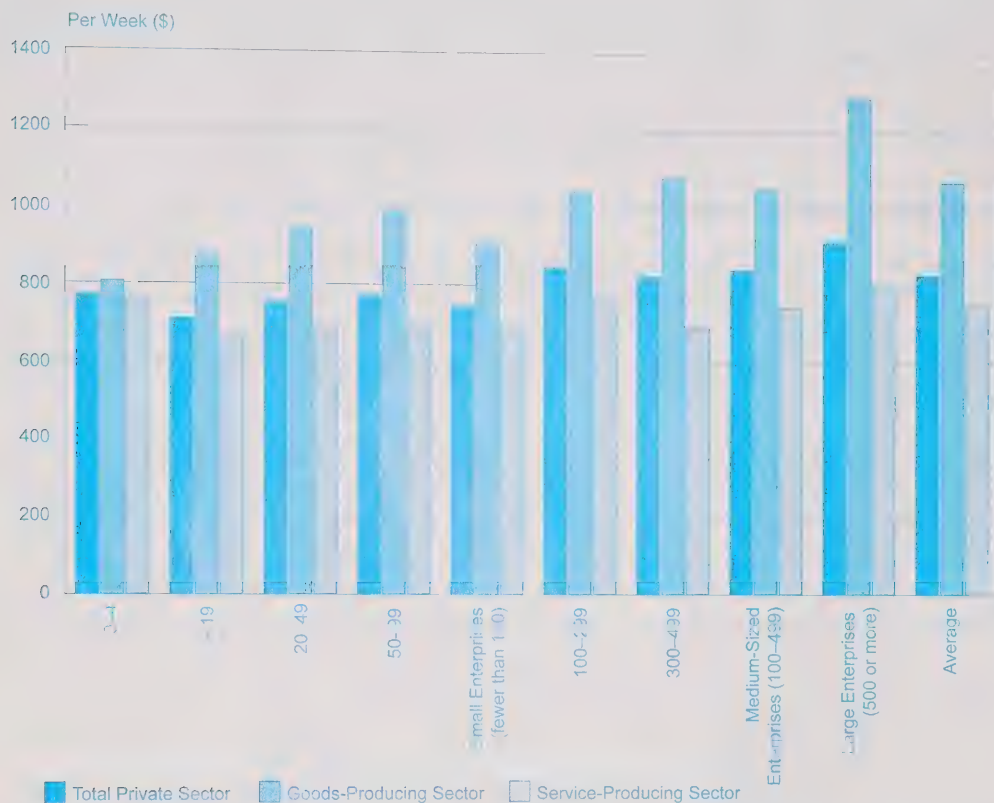
Number of Employees	Private Sector	Goods-Producing Sector ²	Service-Producing Sector ²
0-4	\$770	\$805	\$769
5-10	\$790	\$870	\$863
11-25	\$753	\$945	\$888
26-39	\$770	\$985	\$894
40-99	\$744	\$906	\$894
100-249	\$847	\$1042	\$761
250-499	\$824	\$1079	\$695
500-999	\$847	\$1053	\$744
1000-2499	\$816	\$1044	\$804
Average	\$838	\$1070	\$761

Source: Statistics Canada, *Survey of Employment, Payrolls and Hours* (SEPH), April 2011, and calculations by Industry Canada.

Note 1: SEPH data exclude self-employed workers who are not on a payroll, and employees in the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. Data in this table also exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores. A technical note on the separation of public and private sector employment is available upon request by contacting **Customer Services** at sbrs-rspe@ic.gc.ca.

Note 2: By conventional Statistics Canada definition, the goods-producing sector consists of North American Industry Classification System (NAICS) codes 11 to 31-33, while NAICS codes 41 to 91 define the service-producing sector.

Figure 8: Average Weekly Earnings in the Goods-Producing and Service-Producing Sectors by Firm Size in the Private Sector, 2010^{1,2}



Source: Statistics Canada Survey of Employment, Payrolls and Hours (SEPH), April 2011, and calculations by Industry Canada.

Note 1: SEPH data exclude self-employed workers who are not on a payroll, and employees in the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. Data in this figure also exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores. A technical note on the separation of public and private sector employment is available upon request by contacting **Customer Services** at sbrs-rspe@ic.gc.ca.

Note 2: By conventional Statistics Canada definition, the goods-producing sector consists of North American Industry Classification System (NAICS) codes 11 to 31-33, while NAICS codes 41 to 91 define the service-producing sector.

What is the contribution of small businesses to Canada's gross domestic product?

Gross domestic product (GDP) is a key measure of economic production that can be used to compare any two industries' value added, i.e., the value that an industry, through its activities, adds to its inputs. The main advantage of the GDP concept is that it avoids double counting; hence, it is considered superior in gauging economic performance over, for example, revenue, business counts or even employment.

The Government of British Columbia's statistical service (BC Stats) has developed a method to determine the small business contribution to GDP by province using the income-based approach of the System of National Accounts.⁶ Table 9 shows the percentage of small business' contribution to GDP (including public and private sectors) for Canada and each province from 2000 to 2009.

BC Stats' definition of small business is restricted to businesses with fewer than 50 employees, plus those operated by the self-employed with no paid employees. By this definition, it is estimated that, in 2009, small businesses accounted for approximately 28 percent of Canada's GDP. The percentage varies from a low of 20 percent in Newfoundland and Labrador to a high of 35 percent in Saskatchewan. Over the 2000 to 2009 period, the contribution of small businesses to GDP increased slightly at the national level from 26 percent in 2000 to 29 percent in 2007 and 2008 and to 28 percent in 2009. The largest increase occurred in Saskatchewan, where the GDP contribution was 26 percent in 2000 and 35 percent in 2009. The GDP contribution decreased most in Prince Edward Island, where it fell from 34 percent in 2000 to 29 percent in 2009.

Figure 9 shows the contribution to GDP by firm size for only one year, 2005, using a different methodology. In a recent study, Statistics Canada found that small businesses (here defined as those with 1 to 100 employees) accounted for about 42 percent of private sector GDP and SMEs (those with 1 to 499 employees) accounted for about 54 percent (Figure 9.1). Industry Canada's estimates indicate that, when taking into account both the public and the private sectors, small businesses in the private sector account for about 31 percent of GDP, while medium-sized businesses account for 9 percent (Figure 9.2).

6. A background note describing the method in somewhat greater detail is available upon request by contacting **Customer Services** at sbrs-rspe@ic.gc.ca.

Table 9: Small Business' Contribution to GDP by Province, 2000 to 2009^{1,2}

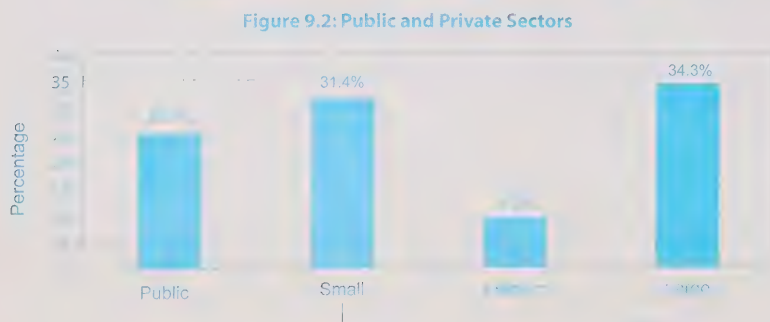
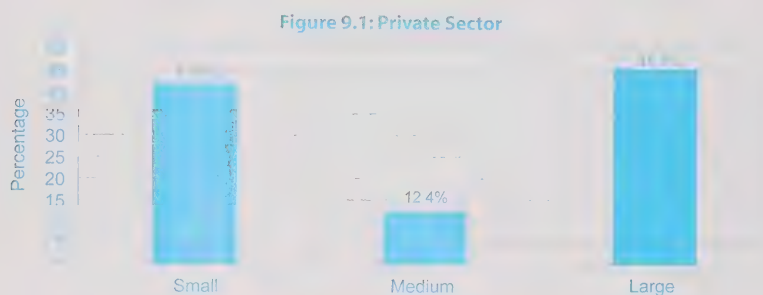
Province	Contribution to GDP (Percentage)									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Newfoundland and Labrador	20	20	19	19	21	19	19	16	18	20
Prince Edward Island	24	24	24	24	24	24	26	26	25	29
Nova Scotia	24	25	20	15	20	25	25	26	26	25
New Brunswick	23	24	25	20	15	25	24	25	25	24
Quebec	27	27	27	27	29	29	31	30	31	30
Ontario	27	28	27	28	28	28	28	26	27	26
Manitoba	24	24	24	24	25	25	26	26	26	26
Saskatchewan	26	26	26	26	26	26	26	22	32	35
Alberta	27	26	27	25	26	27	27	31	31	29
British Columbia	28	28	28	28	32	31	32	34	34	32
Canada	28	28	28	28	31	31	32	29	29	28

Source: British Columbia's Statistical Service.

Note 1: In these data, small businesses comprise businesses with fewer than 50 employees, plus those operated by the self-employed with no paid employees.

Note 2: Differences between these data and those published in previous versions of *Key Small Business Statistics* reflect changes to the underlying data on which the numbers are based, as well as a refinement of the methodology used to generate the estimates.

Figure 9: Contribution to GDP by Firm Size, Public and Private Sectors, 2005



Source: Statistics Canada, *Small, Medium-Sized and Large Businesses in the Canadian Economy: Measuring Their Contribution to Gross Domestic Product in 2005*, June 2011; Industry Canada calculations.

Who is self-employed?

Self-employed workers are people who earn income directly from their own business, trade or profession rather than earn a specified salary or wage from an employer. Statistics Canada defines the self-employed as working owners of an unincorporated or incorporated business, persons who work on their own account but do not have a business and persons working without pay in a family business.

How many people are self-employed?

In 2010, there were 2.67 million self-employed workers, representing around 15.7 percent of all employed workers in the Canadian economy (Table 10). The number of self-employed reached a high of 2.70 million in the third quarter of 2010, and decreased by the first quarter of 2011 to 2.63 million. Over the past decade, the number of self-employed workers increased by 12 percent, while the growth rate of the overall labour force was 18 percent. Slightly more than one third of self-employed workers were female — the share of female self-employment rose steadily from 1976 to 1998, from 26 percent to 36 percent, and has remained at around 35 percent since 1999.

Table 11 shows a breakdown of the self-employed in five categories from 2000 to 2010. On average in 2010, of 2.67 million self-employed workers, 67.9 percent had no paid help, 31.5 percent worked with paid help and 0.6 percent were unpaid family workers. Self-employed workers with and without paid help are further categorized according to whether their businesses⁷ were incorporated or not. Of those who worked without paid help, 1.3 million or 73 percent were unincorporated in 2010; this category accounted for almost half the total number of self-employed in Canada. In the category with paid help, 72 percent were incorporated. Therefore, the preferred choice of those with paid help is to be incorporated, while those without paid help are mostly unincorporated.

7. Although the term “incorporated activities” generally refers to businesses, this is not necessarily the case when we speak of “unincorporated activities.” According to the definition used by Statistics Canada’s *Labour Force Survey*, self-employed workers involved in unincorporated activities are “active owners of a business, farm or unincorporated professional office and independent workers who do not have a business as such (child-care workers, newspaper delivery agents, etc.).”

Table 10: Total Number of Self-Employed Persons (Thousands) by Gender, Yearly and Quarterly, 2000–2011^{1,2}

Year and Quarter	Total Self-Employed	Male Self-Employed	Female Self-Employed	Percentage of Self-Employed	Female Self-Employed	Percentage of Self-Employed
2000	835.1	541.7	293.4	65	835.1	35
2001	875.7	554.2	321.5	63	773.4	34
2002	878.4	554.2	324.2	63	814.7	35
2003	889.8	561.1	328.7	63	830.7	35
2004	885.4	554.2	331.2	63	828.9	34
2005	891.8	554.2	337.6	62	834.0	34
2006	898.2	554.2	344.0	62	878.6	35
2007	910.2	554.2	356.0	61	911.9	35
2008	909.4	554.2	355.2	65	908.9	35
2009	909.4	554.2	355.2	64	909.4	36
2010	909.4	554.2	355.2	64	903.3	35
2007 Q1	898.2	554.2	344.0	62	844.7	35
Q2	909.4	554.2	355.2	64	878.6	35
Q3	909.4	554.2	355.2	64	878.6	35
Q4	909.4	554.2	355.2	64	878.6	35
2008 Q1	909.4	554.2	355.2	64	878.6	34
Q2	909.4	554.2	355.2	64	878.6	35
Q3	909.4	554.2	355.2	64	878.6	35
Q4	909.4	554.2	355.2	64	878.6	35
2009 Q1	909.4	554.2	355.2	64	878.6	35
Q2	909.4	554.2	355.2	64	878.6	36
Q3	909.4	554.2	355.2	64	878.6	36
Q4	909.4	554.2	355.2	64	878.6	36
2010 Q1	909.4	554.2	355.2	64	878.6	36
Q2	909.4	554.2	355.2	64	878.6	36
Q3	909.4	554.2	355.2	64	878.6	36
Q4	909.4	554.2	355.2	64	878.6	36
2011 Q1	909.4	554.2	355.2	64	878.6	36

Source: Statistics Canada, *Labour Force Survey*, April 2011.

Note 1: Figures for men and women may not add up to total due to rounding.

Note 2: Differences between these data and those published in previous versions of *Key Small Business Statistics* are due to revisions made to data from the *Labour Force Survey*.

The number of self-employed persons with incorporated businesses increased 2.8 percent annually, on average, over the past 10 years (not shown), compared with 1.1 percent for all self-employed. However, there was a great difference in the pattern of growth between incorporated businesses with paid help and those without. The number of incorporated businesses with paid help grew 1.4 percent annually, on average, between 2000 and 2010. In contrast, the number of incorporated self-employed persons without paid help increased rapidly between 2000 and 2010, at an average annual increase of 4.8 percent.

As shown in Table 11, the total number of self-employed workers in Canada increased at an annual rate of 2.2 percent between 1980 and 2010 but, as shown in Figure 10, the various categories of self-employed workers experienced slightly different growth rates over that period. For example, in the last two decades, there was negative growth in the category of unincorporated self-employed individuals with paid help. The annual average growth over the entire period was -0.1 percent. The highest growth for self-employed workers without paid help occurred over the 1990–2000 period (4.1 percent). For those with paid help, the highest growth occurred during the 1980–1990 period (3.6 percent).

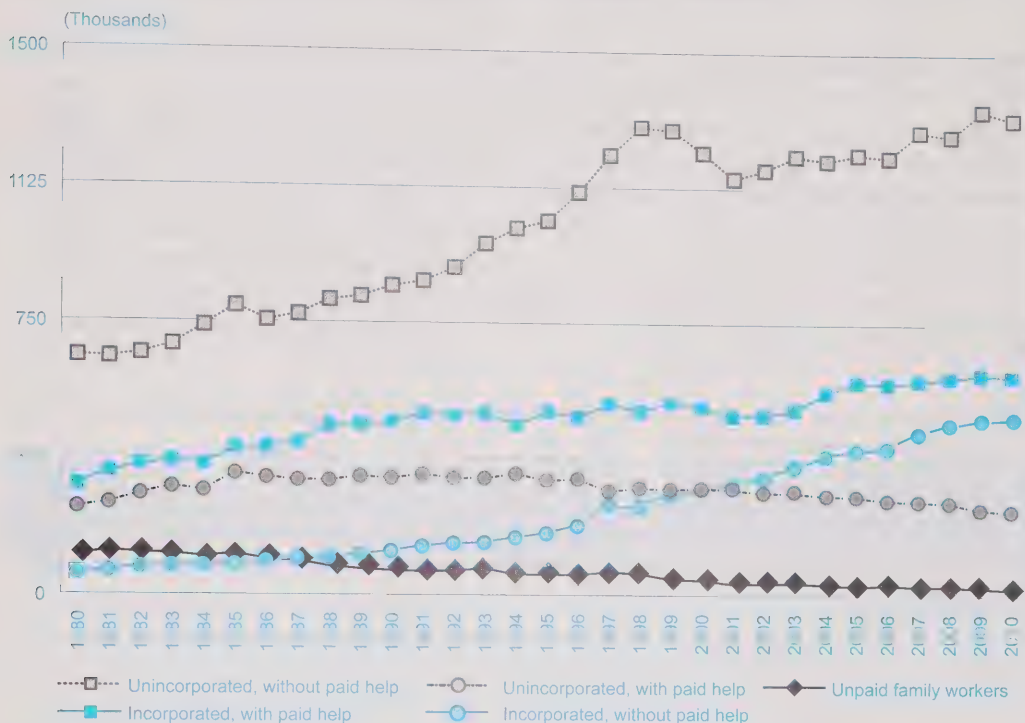
Table 11: Average Annual Number of Self-Employed Persons by Category (Thousands), 2000–2010, and Average Annual Growth Rates (Percent), 1980–2010¹

Year	Total	With Paid Help			Without Paid Help			Unpaid Family Workers
		Total	Incorporated	Unincorporated	Total	Incorporated	Unincorporated	
2000	2 171.7	815.6	515.8	299.8	1 356.1	299.7	1 056.4	41.6
2001	2 276.7	787.1	485.3	301.8	1 489.6	304.2	1 185.4	32.4
2002	2 314.4	781.1	497.2	283.9	1 533.3	325.2	1 208.1	32.5
2003	2 401.8	798.2	512.1	286.1	1 603.6	355.3	1 248.3	34.0
2004	2 451.5	825.3	559.4	265.9	1 626.2	384.6	1 241.6	29.7
2005	2 511.5	863.8	590.4	273.4	1 647.7	401.3	1 246.4	25.6
2006	2 488.1	847.5	594.3	253.2	1 640.6	407.4	1 233.2	25.7
2007	2 515.0	855.5	594.8	260.7	1 659.5	448.7	1 210.8	25.3
2008	2 625.7	761.3	603.5	157.8	1 864.4	468.1	1 396.3	25.3
2009	2 731.6	850.6	612.2	238.4	1 880.9	486.2	1 394.7	21.4
2010	2 864.7	841.2	697.7	143.5	2 023.5	490.3	1 533.2	17.1
Average Annual Growth Rate, 1980–2010								
1980–1990	2.7%	3.0%	4.2%	2.1%	2.8%	6.5%	2.4%	4.3%
1990–2000	3.4%	0.2%	3.5%	-0.1%	4.1%	3.4%	3.4%	4.3%
2000–2010	4%	0.2%	1.4%	-0.1%	4.8%	1.4%	0.1%	2.8%
1980–2010	2.2%	1.6%	2.2%	-0.1%	3.1%	3.1%	2.5%	3.8%

Source: Statistics Canada, *Labour Force Survey*, April 2011

Note 1: Differences between these data and those published in previous versions of *Key Small Business Statistics* are due to revisions made to data from the *Labour Force Survey*.

Figure 10: Self-Employed Persons (Thousands) by Category, 1980–2010



Source: Statistics Canada, *Labour Force Survey*, April 2011

Self-employed workers owning incorporated businesses registered the highest growth rates between 1980 and 2010 — 7.1 percent for businesses without paid employees, followed by unincorporated businesses without paid employees and incorporated businesses with paid employees at 2.3 percent.

Two categories experienced growth rates below the 2.2-percent average, which means their relative importance in terms of self-employed workers diminished. These categories were self-employed workers owning unincorporated businesses with paid employees (-0.1 percent) and unpaid family workers (-5.8 percent).

How has self-employment contributed to job creation?

Generally, the increasing trend toward self-employment has supported total employment growth. Positive contributions to total net employment growth in the private sector have ranged from 12 percent to 40 percent per year between 2000 and 2010 (Table 12).⁸ The number of self-employed workers fell in 2010, which is only the fifth time this has happened over the 1980–2010 period (Figure 11). The other four years were 1986, 2000, 2001 and 2006. In 1982, 1991, 1992 and 2009, self-employment grew, while total employment growth turned negative due to economic recessions. It is interesting to note that the two greatest increases in the number of self-employed persons relative to the overall change in private sector employment occurred at the end of these recessions (in 1983 and 1993) — 167 percent in 1983 and 125 percent in 1993.

Table 12: Private Sector Total Net Employment Change and Net Self-Employment Change, Year-Over-Year, 2000–2010^{1, 2, 3}

Year	Private Sector Total Net Employment Change (thousands)	Private Sector Employees		Self-Employed Persons	
		Net Change (thousands)	Percentage of Total Private Sector Employment Change	Net Change (thousands)	Percentage of Total Private Sector Employment Change
2000	258.8	318.0	123	-59.2	-23
2001	138.3	235.4	170	-97.1	-70
2002	298.9	261.1	87	37.8	13
2003	315.0	227.6	72	87.3	28
2004	186.2	134.7	72	51.5	28
2005	144.1	85.9	60	58.2	40
2006	240.0	253.6	106	13.6	-6
2007	297.3	160.2	61	117.1	39
2008	117.7	103.1	86	14.6	12
2009	-264.6	-336.6	127	72.1	-27
2010	92.9	124.9	134	31.9	34

Source: Statistics Canada, *Labour Force Survey*, April 2011

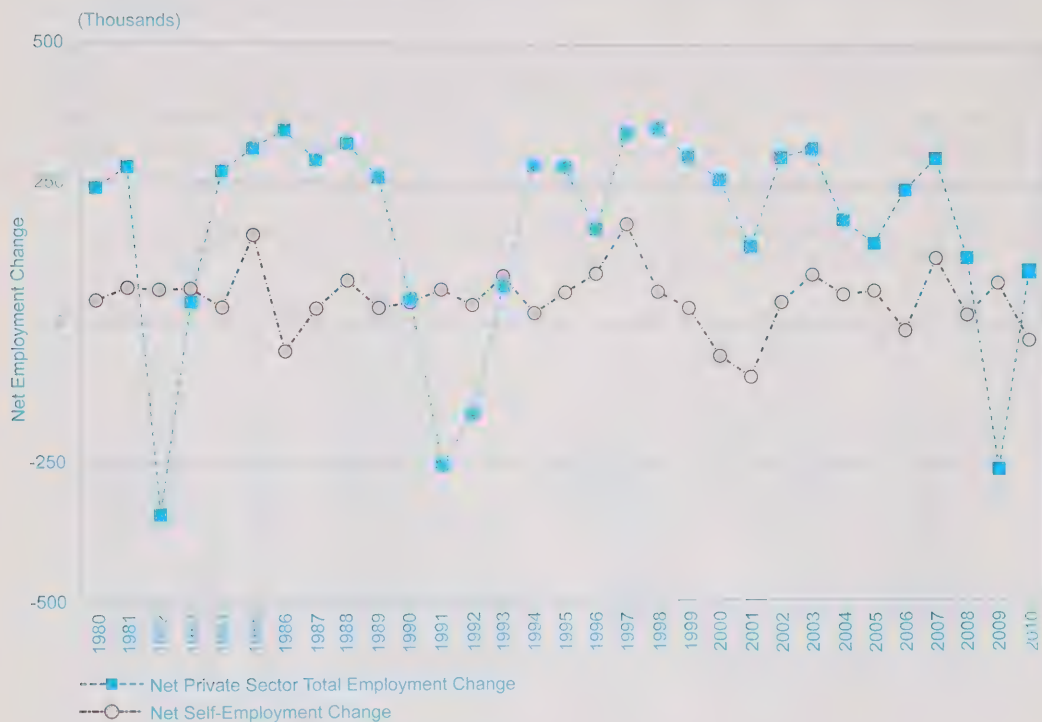
Note 1: (-) indicates a negative contribution to total net employment change.

Note 2: Net change figures may not add up to total net change due to rounding.

Note 3: Differences between these data and those published in previous versions of *Key Small Business Statistics* are due to revisions made to data from the *Labour Force Survey*.

8. In Table 12, employment in the private sector is defined as the total of self-employed workers and private sector employees, regardless of business size. The definition of private sector employees in the *Labour Force Survey* used in Table 12 is not identical to the definition in the *Survey of Employment, Payrolls and Hours (SEPH)* data in Tables 5 to 7, but the differences are minor.

Figure 11: Private Sector Total Net Employment Change and Net Self-Employment Change, Year-Over-Year (Thousands), 1980–2010



Source: Statistics Canada, *Labour Force Survey*, April 2011

Do the self-employed work longer hours than employees?

The evidence is strong that the self-employed work longer hours than employees; this has been the case since 1990. On average, the self-employed worked 39.7 hours per week in 2010 compared with 35.1 hours for employees. Even more striking is the large difference in those who usually worked over 50 hours per week in 2010 — 31 percent of self-employed persons worked over 50 hours compared with less than 4 percent of employees (Figure 12).

Figure 12: Percentage Distribution of Usual Weekly Hours Worked by Employees and the Self-Employed, 1990, 2000 and 2010



Source: Statistics Canada, *Labour Force Survey*, April 2011

When it comes to working part-time (less than 30 hours per week), the self-employed are very similar to employees — 23.1 percent of the self-employed and 18.7 percent of employees worked part-time in 2010.

These differences between the self-employed and employees persisted over the 1990–2010 period, although there has been some abatement in the tendency of the self-employed to work over 50 hours per week since 1999. As well, there has been a small change in the proportion of those working part-time, both among the self-employed and among employees.

As shown in Figure 13, there are also major differences between men and women in usual weekly hours worked — men are more likely to work long hours, whereas women are more likely to work part-time. On average, self-employed men worked 43.4 hours per week in 2010 compared with 32.9 hours for self-employed women. Furthermore, 38 percent of self-employed



men worked over 50 hours in 2010 compared with 19 percent of self-employed women. The same pattern applies among employees, although at much lower levels — 6.3 percent of male employees worked over 50 hours in 2010 compared with 1.5 percent of female employees.

Figure 13: Percentage Distribution of Usual Weekly Hours Worked by Class of Worker and Gender, 2010



Source: Statistics Canada, *Labour Force Survey*, April 2011.

Females are more likely to work part-time, whether they are self-employed or are employees. Among the self-employed, 38.6 percent of women worked part-time (less than 30 hours) in 2010 compared with 14.7 percent of men. Among employees, 25.9 percent of women worked part-time in 2010 compared with 11.5 percent of men.

How many small business entrepreneurs are women?

There is no easy way to precisely determine the number of entrepreneurs in Canada, much less the number of women entrepreneurs. However, it is possible to estimate the number using available data on self-employment and business ownership.

Statistics Canada's *Labour Force Survey* reports there were 910 000 self-employed women in Canada in 2008, accounting for about one third of all self-employed persons. (Although not all of the self-employed would identify themselves as entrepreneurs, the number of self-employed women provides an upper limit for the number of female entrepreneurs.⁹) Between 1998 and 2008, the number of self-employed women grew by 6.4 percent compared with 11-percent growth in male self-employment.

Another way to count entrepreneurs is through business ownership. Statistics Canada's *Survey on Financing of Small and Medium Enterprises* distinguishes four types of business ownership based on gender: majority female ownership, equal partnership between male and female owners, minority female ownership and no female ownership.

In the 2007 survey, it was estimated that 46 percent of SMEs had some degree of female ownership in 2007. SMEs with equal partnerships between male and female owners accounted for 19 percent, while 16 percent were majority-owned by females. The degree of female ownership varied by industry, but it is clear that the percentage of female-owned businesses lags behind the percentage of majority male-owned businesses in every industry (Figure 14). Accommodation and food services industries have the highest share of businesses that are majority-owned by females, at 22 percent, whereas SMEs in agriculture and primary industries have the lowest level, with only 5 percent of businesses majority-owned by females.

The survey showed that SMEs majority-owned by women were less likely than other SMEs to employ more than 20 employees and also started up more recently than firms that are majority-owned by men. Women owners of SMEs also tended to have fewer years of experience in the industries in which they operated compared with their male counterparts.

9. Some entrepreneurs, especially if they are on the payroll of their own businesses, may not identify themselves as being self-employed; however, this number is likely to be smaller than the number of self-employed who are not entrepreneurs.



Figure 14: Business Ownership Distribution by Gender and Industry, 2007



Source: Statistics Canada, *Survey on Financing of Small and Medium Enterprises*, 2007

Table 13 shows the degree of female business ownership by region. In 2007, majority female-owned SMEs accounted for 20 percent of all SMEs in Ontario and 17 percent of all SMEs in Atlantic Canada. Majority female-owned SMEs in the Prairies and Quebec accounted for 11 percent and 15 percent of all SMEs in each region respectively. While the Prairies had the lowest percentage of majority female-owned firms, the region had the highest percentage of firms that were half-owned by women (28 percent).

Table 13: Business Ownership Distribution by Gender and Region, 2007

Region	Degree of Female Ownership ¹ (Percent)				
	0%	>0% to <20%	20%	>20%	>40%
Atlantic Provinces	4	11	11	7	46
Quebec	66	5	11	15	34
Ontario	52	8	19	20	47
Prairies	44	17	28	11	56
British Columbia	52	13	20	16	49
Territories ²	—	—	—	—	—

Source: Statistics Canada, *Survey on Financing of Small and Medium Enterprises*, 2007.

Note 1: Some figures may not add up to 100 due to rounding.

Note 2: Dash indicates estimates suppressed due to confidentiality.

What is the contribution of small businesses to Canada's exports?

Exporting is vital to Canada's economy and has accounted for close to 40 percent of GDP in recent years, with the exception of 2009. In 2009, exports of goods and services accounted for 30 percent of GDP, which could be explained by the global recession and the high value of the Canadian dollar. Exports can be a driver of economic growth and are strongly correlated with real GDP growth. Furthermore, exporting can provide a strategically important means of growing a firm by expanding its market beyond the confines of Canada's relatively small domestic market.

Table 14 shows the distribution of the value of exports by industry and size of firm in 2009. In 2009, the total value of merchandise exports by Canadian enterprises was approximately \$300 billion.¹⁰ This represents a decline of about \$114 billion (27.5 percent) compared with 2008 and \$94 billion (24 percent) compared with 2007. A reduction in the demand for Canadian goods and other effects of the global recession made 2009 a particularly difficult year for exports.

In 2009, about 86 percent of Canadian exporters were small businesses compared with 85 percent in 2008 and 87 percent in 1999. More importantly, small businesses were responsible for \$68 billion (25 percent) of the total value of exports in 2009, with an average value of \$2 million per firm. Medium-sized businesses accounted for \$51 billion (18 percent) of the total value of exports in 2009, with an average value of \$13 million per firm. Large businesses accounted for \$157 billion (57 percent) of the total value of exports, with an average value of \$139 million per firm.

Small business' contribution to the total value of exports decreased by 2.5 percentage points in 2009 compared with 1999, while that of medium-sized firms increased by 8.7 percentage points. The contribution of large firms to the total value of exports decreased by 6 percentage points over the same period.

The proportion of small businesses that export (1.4 percent) is lower than the proportion of small businesses in the overall economy (98 percent). In 2009, 27 percent of medium-sized businesses and 40 percent of large businesses exported. About 2 percent of small and medium-sized enterprises exported goods in 2009. They accounted, however, for over 40 percent of the overall export value in 2009.

Small businesses contributed about 12 percent to total manufacturing exports compared with 66 percent from large firms. In most other industries, however, small businesses made the largest contribution to exports. The largest contributions were in retail trade (79.1 percent), agriculture, forestry, fishing and hunting (72.3 percent) and other sectors (72.0 percent).

10. The total value of exports in 2009 was about \$300 billion. However, once the values are distributed by firm size and industry, about \$24 billion of exports are classified as confidential. Therefore, the percentages presented in Table 14 are calculated using \$276 billion as the total value of exports.

Table 14: Distribution of the Total Value of Exported Merchandise by Industry and by Size of Business (Number of Employees), 2009¹

Industry Grouping (NAICS)	Employer Businesses				
	Total Value ² (\$ millions)	Size of Business Enterprise - Number of Employees (Percent of Total)			
		Total (all business sizes)	Small (1-99)	Medium (100-499)	Large (500+)
Agriculture, Forestry, Fishing and Hunting	1 224	1.7	72.1	1.2	26.7
Mining, Oil and Gas Extraction/Utilities	A: 42 671 B: 44 356	15.4	15.6	3.8	77.8
Construction	1 467	1.5	71.3	22.7	6.0
Manufacturing	A: 165 032 B: 169 232	39.7	12.1	22.4	65.5
Wholesale Trade	30 793	11.1	70.0	20.0	9.0
Retail Trade	1 753	0.6	79.1	3.6	17.3
Transportation and Warehousing	A: 341 B: 18 136	0.1	0	100.0	0
Information and Cultural Industries	499	0.2	57.9	40.1	2.0
Finance and Insurance	6 651	0.6	62.3	3.8	33.9
Business Services	17 504	6.3	41.5	5.0	53.5
Other	3 485	1.3	73.0	19.2	8.8
Industry Aggregate Total	A: 276 359 B: 300 298	100.0	34.7	18.4	46.9
	Total Number of Firms		Small (1-99)	Medium (100-499)	Large (500+)
All Industry Exports	A: 36 154 B: 38 675		86.2%	10.7%	3.1%

Source: Statistics Canada, Exporter Register, 2009.

Note 1: Data that are confidential are denoted by X.

Note 2: Some values were not classified by firm size due to confidentiality; therefore, the totals are calculated as follows:

A: Total value of exports (small, medium and large categories)

B: Total value of exports (small, medium, large and confidential categories)

For more information on small business exports, please refer to *Canadian Small Business Exporters, Special Edition: Key Small Business Statistics* (June 2011).



Publications

Available through the **Small Business Research and Statistics** website (www.ic.gc.ca/sbresearch)

Statistics

Key Small Business Statistics (KSBS) (www.ic.gc.ca/sbstatistics)

The KSBS provides key statistics on small business topics, responding to some of the most commonly asked questions. This publication is produced annually and is released in July. A special edition of the KSBS, which explores a particular issue in detail, is usually published in the first half of a year.

Special Editions

Canadian Small Business Exporters — June 2011

Growth Map of Canadian Firms — January 2010

Small Business Quarterly (SBQ) (www.ic.gc.ca/SMEquarterly)

The SBQ provides a quick and easy-to-read snapshot of the recent performance of Canada's small business sector. This publication is produced in February, May, August and November. It is available in printed and electronic versions.

Research Reports (www.ic.gc.ca/sbresearch/sbreports)

These reports are prepared or commissioned by the Small Business Branch (SBB).

Profile of Mid-Career Entrepreneurs: Career trade-offs and income appropriation of high human capital individuals

The Teaching and Practice of Entrepreneurship within Canadian Higher Education Institutions — December 2010

The State of Entrepreneurship in Canada — February 2010

Profile of Growth Firms: A Summary of Industry Canada Research — March 2008

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Available through the **SME Financing Data Initiative** (SME FDI) website (www.sme-fdi.gc.ca)

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Venture Capital (VC) Monitor (www.sme-fdi.gc.ca/vcmonitor)

This is a quarterly publication on the venture capital (VC) industry in Canada. The goal of this series is to provide current information about this key enabling industry. To this end, the series will track trends in investment activity, report on topical VC-related research and look at key technology clusters where VC investment is taking place. This publication is only available in an electronic version.

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